

Amended Statement Cover

Per the review of the 2001 Annual Statement by the Office of Financial and Insurance Services in the State of Michigan, they have requested correction on the amended pages in this amended filing.

HEALTH ANNUAL STATEMENT

For the Year Ending December 31, 2001

OF THE CONDITION AND AFFAIRS OF THE

CARE CHOICES HMO

NAIC Group Code	<div></div> <div>(Current Period)</div>	,	<div></div> <div>(Prior Period)</div>	NAIC Company Code	95452	Employer's ID Number	38-2694901
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan		
Country of Domicile	US						
Licensed as business type:	Life, Accident & Health[] Vision Service Corporation[]		Property/Casualty[] Other[]		Health Service Corporation[] Health Maintenance Organization[X]		Dental Service Corporation[] Is HMO Federally Qualified? Yes[X] No[]
Date Incorporated or Organized	07/08/1986			Date Commenced Business	01/01/1987		
Statutory Home Office	34605 Twelve Mile Road (Street and Number)			,	Farmington Hills, MI 48331 (City, or Town, State and Zip Code)		
Main Administrative Office	34605 Twelve Mile Road (Street and Number)						
	Farmington Hills, MI 48331 (City or Town, State and Zip Code)				(248)489-6321- (Area Code) (Telephone Number)		
Mail Address	34605 Twelve Mile Road (Street and Number or P.O. Box)			,	Farmington Hills, MI 48331 (City, or Town, State and Zip Code)		
Primary Location of Books and Records	34605 Twelve Mile Road (Street and Number)						
	Farmington Hills, MI 48331 (City, or Town, State and Zip Code)				(248)489-6321- (Area Code) (Telephone Number)		
Internet Website Address	www.carechoices.com						
Statement Contact	Donna J. West (Name)				(248)489-6321- (Area Code)(Telephone Number)(Extension)		
	WESTD@trinity-health.org (E-Mail Address)				(248)489-6191- (Fax Number)		

President and CEO	William R. Alvin
Secretary	vacant
Chief Financial Officer	Michael Koziara
Medical Director	Michael J. Baker MD

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

James H. Combes
Bruce Genovese MD
Molly Resnik
Michael Slubowski

Jay Herron
William R. Alvin
Mary Ellen Howard RSM
Agnes Spitzza

Phyllis R. Robb
Howard B. Weinblatt MD
Lisa Reed
Paul Hughes-Cromwick

State of

Michigan

County of

Oakland

 ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

<div>(Signature)</div> <div>William R. Alvin</div> <div>(Printed Name)</div> <div>President and CEO</div>	<div>(Signature)</div> <div>Jeanne M. Dunk</div> <div>(Printed Name)</div> <div>Secretary</div>	<div>(Signature)</div> <div>Michael Koziara</div> <div>(Printed Name)</div> <div>Chief Financial Officer</div>
a. Is this an original filing?		Yes[] No[X]
b. If no,		2
1. State the amendment number		10/14/2002
2. Date filed		23
3. Number of pages attached		

Subscribed and sworn to before me this
day of , 2002

(Notary Public Signature)

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	27,576,052		27,576,052	30,752,807
2.	Accrued medical incentive pool and bonus payments	307,735		307,735	
3.	Unpaid claims adjustment expenses				
4.	Aggregate policy reserves				
5.	Aggregate claim reserves				
6.	Premiums received in advance	2,426,178		2,426,178	1,259,173
7.	General expenses due or accrued				
8.	Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability)				
9.	Amounts withheld or retained for account of others				
10.	Borrowed money (including \$..... current) and interest thereon \$..... (including\$..... current)				
11.	Amounts due to parent, subsidiaries and affiliates	5,148,297		5,148,297	2,543,415
12.	Payable to securities				
13.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers				
14.	Reinsurance in unauthorized companies				
15.	Net adjustments in assets and liabilities due to foreign exchange rates				
16.	Liability for amounts held under uninsured accident and health plans				
17.	Aggregate write-ins for other liabilities (including \$..... current)	339,721		339,721	1,268,497
18.	Total liabilities (Lines 1 to 17)	35,797,983		35,797,983	35,823,892
19.	Common capital stock	X X X	X X X		
20.	Preferred capital stock	X X X	X X X		
21.	Gross paid in and contributed surplus	X X X	X X X	11,500,000	
22.	Surplus notes	X X X	X X X	5,000,000	5,000,000
23.	Aggregate write-ins for other surplus funds	X X X	X X X		
24.	Unassigned funds (surplus)	X X X	X X X	3,536,343	6,307,417
25.	Less treasury stock, at cost:	X X X	X X X		
25.1	..... shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2	..... shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26.	Total capital and surplus (Lines 19 to 24 minus 25)	X X X	X X X	20,036,343	11,307,417
27.	Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	55,834,326	47,131,309
DETAILS OF WRITE-INS					
1701.	Risk Non-Affiliate				903,411
1702.	Accrued Liabilities	339,721		339,721	362,629
1703.	.....				2,457
1798.	Summary of remaining write-ins for Line 17 from overflow page				
1799.	TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)	339,721		339,721	1,268,497
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	1,563,101	1,727,038
2.	Net premium income	X X X	258,627,838	273,099,506
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate Write-Ins for Other health care related revenues	X X X		
7.	TOTAL REVENUES (Lines 2 to 6)	X X X	258,627,838	273,099,506
Medical and Hospital:				
8.	Hospital/medical benefits		175,335,196	199,206,359
9.	Other Professional Services			
10.	Outside Referrals			
11.	Emergency Room and Out-of-Area		7,535,291	5,711,368
12.	Aggregate Write-Ins for Other Medical and Hospital		48,306,192	52,838,094
13.	Incentive Pool and Withhold Adjustments		2,066,183	(12,304,915)
14.	Subtotal (Lines 8 to 13)		233,242,862	245,450,906
LESS:				
15.	Net Reinsurance Recoveries		(272,395)	(1,432,782)
16.	Total medical and Hospital (Lines 14 minus 15)		233,515,257	246,883,688
17.	Claims adjustment expenses		1,318,751	
18.	General administrative expenses		28,787,420	33,046,732
19.	Increase in reserves for accident and health contracts			
20.	Total underwriting deductions (Lines 16 through 19)		263,621,428	279,930,420
21.	Net underwriting gain or (Loss) (Lines 7 minus 20)	X X X	(4,993,590)	(6,830,914)
22.	Net investment income earned		1,526,522	2,389,970
23.	Net realized capital gains or (Losses)		3,274	
24.	Net investment gains or (Losses) (Lines 22 plus 23)		1,529,796	2,389,970
25.	Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
26.	Aggregate write-ins for other income or expenses		683,079	1,000,840
27.	Net income or (Loss) before federal income taxes (Lines 21 plus 24 plus 25 plus 26)		(2,780,715)	(3,440,104)
28.	Federal and foreign income taxes incurred	X X X		
29.	Net income (Loss) (Lines 27 minus 28)	X X X	(2,780,715)	(3,440,104)
DETAILS OF WRITE-INS				
0601	.....	X X X		
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
1201.	Pharmacy Expense		48,306,192	52,838,094
1202	.....		
1203	.....		
1298.	Summary of remaining write-ins for Line 12 from overflow page			
1299.	TOTALS (Lines 1201 through 1203 plus 1298) (Line 12 above)		48,306,192	52,838,094
2601.	Supplemental Interest Income		683,079	1,000,840
2602	.....		
2603	.....		
2698.	Summary of remaining write-ins for Line 26 from overflow page			
2699.	TOTALS (Lines 2601 through 2603 plus 2698) (Line 26 above)		683,079	1,000,840

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	258,599,543	269,334,213
2.	Claims and claims adjustment expenses	235,787,062	246,163,527
3.	General administrative expenses paid	28,787,420	33,046,732
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(5,974,939)	(9,876,046)
6.	Net investment income	1,808,333	2,389,970
7.	Other income (expenses)	683,079	1,000,840
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)	(3,483,527)	(6,485,236)
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1 ...	Bonds	567,933	48,879
10.2 ...	Stocks		
10.3 ...	Mortgage loans		
10.4 ...	Real estate		
10.5 ...	Other invested assets		
10.6 ...	Net gains or (losses) on cash and short-term investments	3,274	
10.7 ...	Miscellaneous proceeds		
10.8 ...	TOTAL investment proceeds (Lines 10.1 to 10.7)	571,207	48,879
11.	Cost of investments acquired (long-term only):		
11.1 ...	Bonds		
11.2 ...	Stocks		
11.3 ...	Mortgage loans		
11.4 ...	Real estate		
11.5 ...	Other invested assets		
11.6 ...	Miscellaneous applications		
11.7 ...	TOTAL investments acquired (Lines 11.1 to 11.6)		
12.	Net cash from investments (Line 10.8 minus Line 11.7)	571,207	48,879
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1 ...	Surplus notes, capital and surplus paid in	11,500,000	
13.2 ...	Net transfers from affiliates	8,851,858	1,213,073
13.3 ...	Borrowed funds received		
13.4 ...	Other cash provided	1,435,863	2,700,823
13.5 ...	TOTAL (Lines 13.1 to 13.4)	21,787,721	3,913,896
14.	Cash applied:		
14.1 ...	Dividends to stockholder paid		
14.2 ...	Net transfers to affiliates		
14.3 ...	Borrowed funds repaid		
14.4 ...	Other applications	1,736,744	
14.5 ...	TOTAL (Lines 14.1 to 14.4)	1,736,744	
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	20,050,977	3,913,896
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	17,138,657	(2,522,461)
17.	Cash and short-term investments:		
17.1 ...	Beginning of year	35,075,078	37,597,539
17.2 ...	End of year (Line 16 plus Line 17.1)	52,213,735	35,075,078

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplemental	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1.	Net premium income	258,627,838	245,497,270						105,777	13,024,791				
2.	Change in unearned premium reserves and reserve for rate credit													
3.	Fee-for-service (net of \$..... medical expenses)													
4.	Risk revenue													
5.	Aggregate write-ins for other health care related revenues													
6.	Total revenues (Lines 1 to 5)	258,627,838	245,497,270						105,777	13,024,791				
7.	Medical/hospital benefits	175,335,196	168,281,409						(539,641)	7,593,428				
8.	Other professional services													
9.	Outside referrals													
10.	Emergency Room and Out-of-Area	7,535,291	6,594,414						72,208	868,669				
11.	Aggregate write-ins for other medical and hospital	48,306,192	45,656,593						(84,122)	2,733,721				
12.	Incentive pool and withhold adjustments	2,066,183	1,570,785						434,612	60,786				
13.	Subtotal (Lines 7 to 12)	233,242,862	222,103,201						(116,943)	11,256,604				
14.	Net Reinsurance Recoveries	(272,395)	(366,162)						18,632	75,135				
15.	Total medical and hospital (Lines 13 minus 14)	233,515,257	222,469,363						(135,575)	11,181,469				
16.	Claims adjustment expenses	1,318,751	1,252,813							65,938				
17.	General administrative expenses	28,787,420	26,928,677						17,040	1,841,703				
18.	Increase in reserves for accident and health contracts													
19.	Total underwriting deductions (Lines 15 to 18)	263,621,428	250,650,853						(118,535)	13,089,110				
20.	Net underwriting gain or (Loss) (Line 6 minus Line 19)	(4,993,590)	(5,153,583)						224,312	(64,319)				
DETAILS OF WRITE-INS														
0501	.....												
0502	.....												
0503	.....												
0598.	Summary of remaining write-ins for Line 5 from overflow page													
0599.	TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above)													
1101.	PHARMACY EXPENSES	48,306,192	45,656,593						(84,122)	2,733,721				
1102	.....												
1103	.....												
1198.	Summary of remaining write-ins for Line 11 from overflow page													
1199.	TOTAL (Lines 1101 through 1103 plus 1198) (Line 11 above)	48,306,192	45,656,593						(84,122)	2,733,721				

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	234,353,433	218,768,904					3,401,053	12,183,476	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	234,353,433	218,768,904					3,401,053	12,183,476	
2. Paid medical incentive pools and bonuses	1,758,448	1,758,448							
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	27,576,052	25,054,925					310,180	2,210,947	
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	27,576,052	25,054,925					310,180	2,210,947	
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year	307,735	307,735							
6. Amounts recoverable from reinsurers December 31, current year	338,774	234,662						104,112	
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	30,752,806	23,197,647					4,281,421	3,273,738	
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	30,752,806	23,197,647					4,281,421	3,273,738	
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year									
10. Amounts recoverable from reinsurers December 31, prior year	1,145,588	462,291					256,021	427,276	
11. Incurred benefits:									
11.1 Direct	231,176,679	220,626,182					(570,188)	11,120,685	
11.2 Reinsurance assumed									
11.3 Reinsurance ceded	(806,814)	(227,629)					(256,021)	(323,164)	
11.4 Net	231,983,493	220,853,811					(314,167)	11,443,849	
12. Incurred medical incentive pools and bonuses	2,066,183	2,066,183							

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred Durring the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
	Line of Business						
1.	Comprehensive (medical and hospital)	18,422,345	200,618,954	1,780,990	23,273,935	20,203,335	23,197,647
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums						
6.	Title XVIII - Medicare	3,401,053		310,180		3,711,233	4,281,421
7.	Title XIX - Medicaid	2,499,267	9,684,209	321,212	1,889,734	2,820,479	3,273,738
8.	Other						
9.	Subtotals	24,322,665	210,303,163	2,412,382	25,163,669	26,735,047	30,752,806
10.	Medical incentive pools, accrual and disbursements		1,758,448		307,735		
11.	TOTALS	24,322,665	212,061,611	2,412,382	25,471,404	26,735,047	30,752,806

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$..... for occupancy of own building)				
2. Salaries, wages and other benefits	1,217,998	11,878,757		13,096,755
3. Commissions (less \$..... ceded plus \$..... assumed) ...				
4. Legal fees and expenses		260,181		260,181
5. Certifications and accreditation fees				
6. Auditing, actuarial and other consulting services		1,034,916		1,034,916
7. Traveling expenses		248,104		248,104
8. Marketing and advertising		1,529,697		1,529,697
9. Postage, express and telephone		811,276		811,276
10. Printing and office supplies		1,222,821		1,222,821
11. Occupancy, depreciation and amortization		3,946,281		3,946,281
12. Equipment		461,832		461,832
13. Cost or depreciation of EDP equipment and software				
14. Outsourced services including EDP, claims, and other services		5,827,653		5,827,653
15. Boards, bureaus and association fees				
16. Insurance, except on real estate				
17. Collection and bank service charges				
18. Group service and administration fees				
19. Reimbursements by uninsured accident and health plans				
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes				
23.3 Regulator authority licenses and fees		165,259		165,259
23.4 Payroll taxes	100,753	982,608		1,083,361
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere		418,035		418,035
25. Aggregate write-ins for expenses				
26. Total expenses incurred (Lines 1 to 25)	1,318,751	28,787,420		(a) 30,106,171
27. Add expenses unpaid December 31, prior year				
28. Less expenses unpaid December 31, current year				
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Lines 26 plus 27 minus 28 plus 29 minus 30) .	1,318,751	28,787,420		30,106,171
DETAILS OF WRITE-INS				
2501				
2502				
2503				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)				

(a) Includes management fees of \$.....29,936,072 to affiliates and \$..... to non-affiliates.

Notes to Financial Statement

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Policies and Procedures except for the following item, which caused surplus to be increased by \$ 683,079. The Company received approval from the Office of Financial and Insurance Services of the State of Michigan ("OFIS") to record as other income a contribution of investment income allocated to the Company from Trinity Health of \$683,079 as a permitted practice.

Cash and Cash Equivalents for the purpose of the statements of cash flows are certificates of deposit, U.S. Government securities, commercial paper, repurchase agreements, corporate bonds and notes, and other short-term investments with original maturities of less than three months.

Investments - Investments are reported at cost adjusted for amortization of premiums or discounts using the straight-line method.

Premium Revenue - Enrollee contracts are negotiated on a yearly basis. Premiums are due monthly and are recognized as revenue during the period in which Care Choices is obligated to provide services to its enrollees. Premiums received prior to the period of coverage are reported as unearned premium revenue.

Investment Income - Investment income on cash, cash equivalents and marketable securities are recorded in these financial statements at the rate earned.

Medical Expenses- The liability for claims payable is accrued in the period such services are provided and includes estimates of services performed which have not been billed to Care Choices and losses on existing contracts related to the excess of expected future health care costs over anticipated future premiums. The method of making such estimates and for establishing the resulting liabilities is continually reviewed and updated, and any adjustments resulting therefrom are reflected in the activities expenses currently. Actual results could differ from these estimates.

Income (Loss) from Operations - The statement of operations includes income (loss) from operations. Changes in unrestricted net assets which are excluded from income from operations, consistent with industry practice, include unrealized gains and losses on investments and permanent transfers of assets to and from affiliates for other than goods and services.

2. Accounting Changes and Corrections of Errors
Not applicable

3. Business Combinations and Goodwill
Not applicable

4. Discontinued Operations
Not applicable

5. Investments
Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies
Not applicable

7. Investment Income
Not applicable

8. Derivative Instruments
Not applicable

9. Income Taxes
Care Choices, a Michigan not-for-profit corporation, is an organization described in the Internal Revenue Code (IRC) Section 501 (c) (4) and as such is exempt from Federal income taxes under Section 501(a) of the IRS.

10. Information Concerning Parent, Subsidiaries and Affiliates

Care Choices has an administrative services agreement with Mercy Health Plans, a subsidiary of TH, whereby

Notes to Financial Statement

Mercy Health Plans pays all salaries and provides all administrative services for Care Choices. Under the terms of the administrative services agreement, Care Choices was charged approximately \$29,936,072 and \$33,006,217 for the years ended December 31, 2001 and 2000, respectively. Administrative fees are charged based on a percent of premium revenue. The administrative services agreement was amended from July 2001 through December 2001, to reduce administrative fees by \$ 5 million in order to avoid the company having a premium deficiency of \$ 5 million.

For the years ended December 31, 2001 and 2000, Care Choices recorded premium revenue of approximately \$31,125,943 and \$27,309,044, respectively, attributable to Care Choices' affiliates.

Medical expenses paid to affiliates of Care Choices for the delivery of health care services totaled approximately \$73,956,016 and \$89,279,113 during 2001 and 2000 respectively.

During the year, \$7,500,000 and \$4,000,000 of capital contributions were made by Trinity Health and Mercy Health Plans, respectively, to Care Choices.

11. Debt
The Company executed one surplus note issued by St. Joseph Mercy Health Systems on October 11, 1999 for \$5,000,000. The note accrues interest at the rate of 6.7% per annum, however for statutory purposes, interest has not been accrued or paid. Repayment of the surplus note and accrued interest must be approved by the Michigan Insurance Bureau.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not applicable - Care Choices has no employees.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

Care Choices is a non-profit organization and cannot pay dividends

14. Contingencies

Under the terms of its contracts with providers and CPEs, Care Choices is subject to audits of claims processed and arbitration and dispute resolution processes. Such audits and processes encompass the accuracy of the claims paid and the application of the various contract terms. Care Choices records and estimated amount for the resolution of such matters. Settlement of such matters are not expected to have a material adverse effect on Care Choices' financial position or results from operations.

Care Choices is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on Care Choices future financial position or results of operations.

15. Leases

Care Choices does not have any material lease

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans
Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
Not applicable

Notes to Financial Statement

20. Other Items

Care Choices HMO elected to use truncation in reporting amounts in the statement.

21. Events Subsequent

None

22. Reinsurance

Reinsurance recoveries are stated at their net realizable amount.

23. Retrospectively Rated Contracts

None

24. Salvage and Subrogation

Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

During the year, Care Choices revised estimates and made payments relating to medical and hospital services rendered in the prior year in amounts different from those previously estimated. These changes in accounting estimates resulted in a reduction in reserves of medical and hospital expenses of approximately \$ 1,688,000 in 2001.

26. Organization and Operation

Care Choices HMO - Michigan ("Care Choices"), a membership corporation, is a wholly owned subsidiary of Trinity Health ("TH"). Care Choices and TH support the charitable healthcare mission of the Sisters of Mercy Regional Community of Detroit, the corporate sponsor. Care Choices has been determined to be a qualified health maintenance organization under Title XIII of the Public Health Service Act.

Care Choices arranges for the delivery of health care services to its enrollees through various contracts directly with providers and common provider entities ("CPEs"). The CPEs, are corporate joint ventures between physician and hospital providers. These CPEs, which are located in Michigan, arrange for the provision of covered services to Care Choices' enrollees through contracts with various physicians and hospitals. Profits or losses resulting from provision of services relative to the Medicaid program are shared between Care Choices and the CPE's. One of the hospitals with which a CPE has contracted, is a division of TH and an equity owner of the CPE.

All books and records are maintained by Mercy Health Plans and is located in Farmington Hills, Michigan.

27. Minimum Net Worth

Under to laws of the State of Michigan, section 3553 of the Michigan Insurance Code, the Plan is required to provide a contingency reserve not less than \$100,000 plus 5% of annual subscription revenue up to a maximum \$1,000,000 deposit.

The calculation is as follows:

Annual subscription revenue	\$258,627,838
	<u>5%</u>
	12,931,392
plus	<u>100,000</u>
	13,031,392

Under the laws of the State of Michigan, the Plan is required to provide a minimum contingency reserve of \$1,000,000. As of December 31, 2001, the Plan has a contingency reserve (statutory deposit) balance of \$1,007,468.

Notes to Financial Statement

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GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principle insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/1999
- 3.2 State as of what date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1999
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

09/25/2000
- 3.4 By what department or departments?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

%
- 7.22 State the nationality(s) of the foreign person(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

GENERAL INTERROGATORIES (continued)

8. What interest, direct or indirect, has this reporting entity in the capital stock of any other insurance company?
none
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP; Suite 900; 600 Renaissance Center, Detroit, MI 48243-1704
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
James M. Whisler, Consulting Actuary associated with the firm Deloitte & Touche; 400 One Financial Plaza; 120 South Sixth Street; Minneapolis, MN 55402
11. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement?

Yes[] No[X]
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]
13. Have the instructions for completing the blank required by this department been followed in every detail?

Yes[X] No[]

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committees thereof?

Yes[X] No[]
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
16. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity?

Yes[] No[X]
17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers

\$
- 18.12 To stockholders not officers

\$
- 18.13 Trustees, supreme or grand (Fraternal only)

\$
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers

\$
- 18.22 To stockholders not officers

\$
- 18.23 Trustees, supreme or grand (Fraternal only)

\$
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others

\$
- 19.22 Borrowed from others

\$
- 19.23 Leased from others

\$
- 19.24 Other

\$
- Disclose in Notes to Financial the nature of each obligation.
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment

\$
- 20.22 Amount paid as expenses

\$
- 20.23 Other amounts paid

\$

GENERAL INTERROGATORIES (continued)
INVESTMENT

21.1 List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1. Preferred Yes[] No[X] ....	.... Yes[] No[X]
2. Common X X X .....	..... X X X .....	..... X X X

22.1 Were all the stocks, bonds and other securities owned December 31 current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes[X] No[]

22.2 If no, give full and complete information, relating thereto:

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 23.2) Yes[] No[X]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Loaned to others

23.22 Subject to repurchase agreements

23.23 Subject to reverse repurchase agreements

23.24 Subject to dollar repurchase agreements

23.25 Subject to reverse dollar repurchase agreements

23.26 Pledged as collateral

23.27 Placed under option agreements

23.28 Letter stock or securities restricted as to sale

23.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

23.3 For each category above, if any of these assets are held by other, identify by whom held:

23.31
N/A
23.32
23.33
23.34
23.35
23.36
23.37
23.38
23.39

For categories (23.21) and (23.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

23.4 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year \$

GENERAL INTERROGATORIES (continued)
OTHER

26.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

26.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$

1	2
Name	Amount Paid
.....

27.1 Amount of payments for legal expenses, if any?

27.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$

1	2
Name	Amount Paid
.....

28.1 Amount of payment for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

28.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or department of government during the period covered by this statement.

\$

1	2
Name	Amount Paid
.....

29. What officials or heads of departments of the reporting entity supervised the making of this report?
Donna West, Controller

30.1 Has any direct new business been solicited or written in any state where the reporting entity was not licensed?

30.2 If yes, explain:

Yes[] No[X]

FIVE-YEAR HISTORICAL DATA

	1 2001	2 2000	3 1999	4 1998	5 1997
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	55,834,326	47,131,309	57,405,873	59,584,542	61,709,467
2. Total liabilities (Page 3, Line 18)	35,797,983	35,823,892	43,815,080	50,481,845	47,244,723
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	20,036,343	11,307,417	13,590,793	9,102,697	14,464,744
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	258,627,838	273,099,506	267,556,448	274,359,018	259,113,183
6. Total medical and hospital expenses (Line 14)	233,242,862	245,450,906	240,445,638	245,071,244	233,485,098
7. Total administrative expenses (Line 18)	28,787,420	33,046,732	29,679,515	37,817,153	33,492,562
8. Net underwriting gain (loss) Line 21)	(4,993,590)	(6,830,914)	(2,568,705)	(8,529,379)	(7,864,477)
9. Net investment gain (loss) Line 24)	1,529,796	2,389,970	2,713,022	3,721,898	4,305,136
10. Total other income (Lines 25 plus 26)	683,079	1,000,840			
11. Net income or (loss) Line 27)	(2,780,715)	(3,440,104)	144,317	(4,807,481)	(3,559,341)
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	20,036,343	11,309,263	13,590,793		X X X
13. Authorized control level risk-based capital	8,378,448	8,282,408	8,758,044		X X X
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	129,578	136,569	155,589	169,822	176,796
15. Total members months (Column 6, Line 7)	1,563,101	1,727,038	1,831,307	2,043,280	2,078,584
OPERATING PERCENT (Page4)					
(Item divided by Page 4, Line2)					
16. Premiums earned (Line 2)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 14)	90.2	89.9	90.0	0.9	0.9
18. Total underwriting deductions (Line 20)	101.9	102.5	101.0	103.1	103.0
19. Total underwriting gain (loss) (Line 21)	(1.9)	(2.5)	(1.0)	(3.1)	(3.0)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	26,735,047	34,983,136	39,173,502	43,201,715	45,930,430
21. Estimated liability of unpaid claims-prior year (Line 11, Col. 6)	30,752,806	31,700,992	46,354,538	42,822,825	41,332,600

FIVE-YEAR HISTORICAL DATA (Continued)

		1 2001	2 2000	3 1999	4 1998	5 1997
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES						
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	N O N E				
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26.	Affiliated mortgage loans on real estate					
27.	All other affiliated					
28.	Total of above Lines 22 to 27					

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only			
			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6
State, Etc.					Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	No	No				
2.	Alaska	AK	No	No				
3.	Arizona	AZ	No	No				
4.	Arkansas	AR	No	No				
5.	California	CA	No	No				
6.	Colorado	CO	No	No				
7.	Connecticut	CT	No	No				
8.	Delaware	DE	No	No				
9.	District of Columbia	DC	No	No				
10.	Florida	FL	No	No				
11.	Georgia	GA	No	No				
12.	Hawaii	HI	No	No				
13.	Idaho	ID	No	No				
14.	Illinois	IL	No	No				
15.	Indiana	IN	No	No				
16.	Iowa	IA	No	No				
17.	Kansas	KS	No	No				
18.	Kentucky	KY	No	No				
19.	Louisiana	LA	No	No				
20.	Maine	ME	No	No				
21.	Maryland	MD	No	No				
22.	Massachusetts	MA	No	No				
23.	Michigan	MI	No	Yes	246,394,624	105,777	13,236,588	
24.	Minnesota	MN	No	No				
25.	Mississippi	MS	No	No				
26.	Missouri	MO	No	No				
27.	Montana	MT	No	No				
28.	Nebraska	NE	No	No				
29.	Nevada	NV	No	No				
30.	New Hampshire	NH	No	No				
31.	New Jersey	NJ	No	No				
32.	New Mexico	NM	No	No				
33.	New York	NY	No	No				
34.	North Carolina	NC	No	No				
35.	North Dakota	ND	No	No				
36.	Ohio	OH	No	No				
37.	Oklahoma	OK	No	No				
38.	Oregon	OR	No	No				
39.	Pennsylvania	PA	No	No				
40.	Rhode Island	RI	No	No				
41.	South Carolina	SC	No	No				
42.	South Dakota	SD	No	No				
43.	Tennessee	TN	No	No				
44.	Texas	TX	No	No				
45.	Utah	UT	No	No				
46.	Vermont	VT	No	No				
47.	Virginia	VA	No	No				
48.	Washington	WA	No	No				
49.	West Virginia	WV	No	No				
50.	Wisconsin	WI	No	No				
51.	Wyoming	WY	No	No				
52.	American Samoa	AS	No	No				
53.	Guam	GU	No	No				
54.	Puerto Rico	PR	No	No				
55.	U.S. Virgin Islands	VI	No	No				
56.	Canada	CN	No	No				
57.	Aggregate other alien	OT	X X X	X X X				
58.	TOTAL (Direct Business)		X X X	1	246,394,624	105,777	13,236,588	
DETAILS OF WRITE-INS								
5701								
5702								
5703								
5798.	Summary of remaining write-ins for Line 57 from overflow page							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)							